



Your Connections. Our Commitment.

# **NetworkIP: Overview of Business Model and Service Offerings**

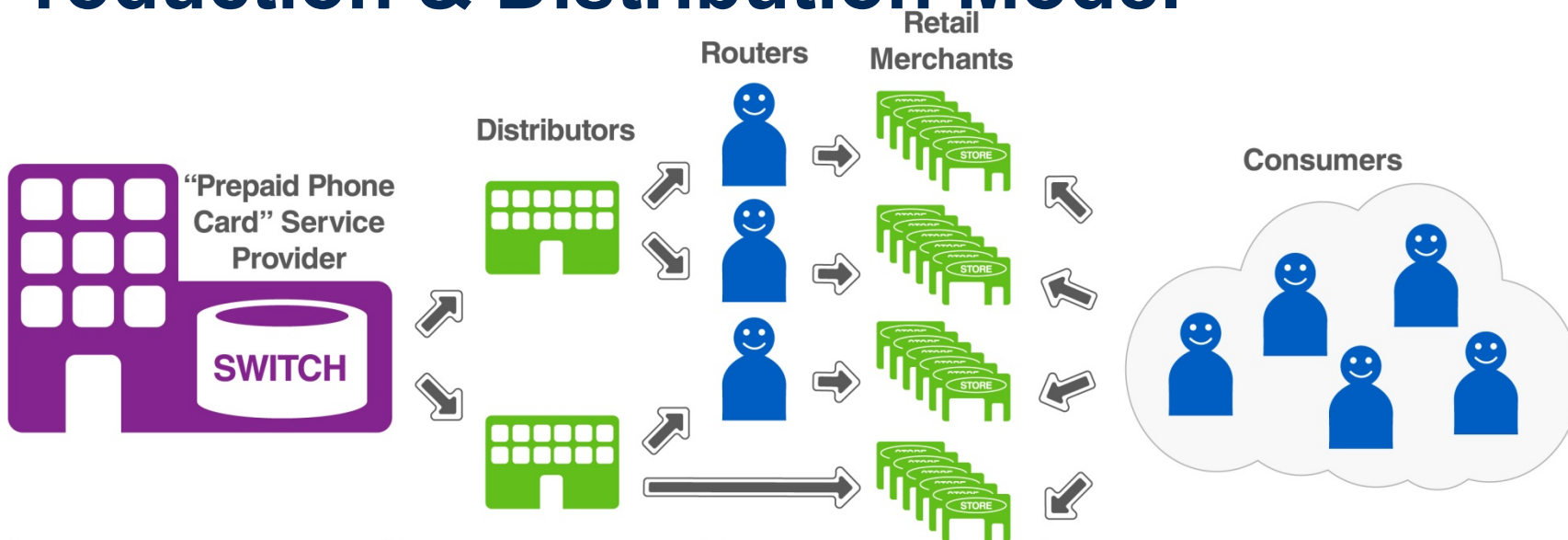
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## Who is NetworkIP ?

- Founded in 1998, NetworkIP is a privately held Texas technology company with over 100 employees, providing a hosted voice and transactions services platform.
- It was NetworkIP's philosophy and mission to solve the inherent control needs of companies with great marketing vision and distribution relationships in the Prepaid Phone Card Industry.
- Pioneered a virtual switch platform business model that gives carrier customers full control of their prepaid card product attributes, consumer experience, and billing methodologies, while at the same time eliminating the distraction of managing the switch operations and technology needed to support it.
- NetworkIP provides its Hosted Services Platform via a GUI interface accessed from any internet-enabled computer. In today's terminology, NetworkIP would be called a "Software As A Solution" (SAAS) provider – like a "cloud computing" solution for prepaid card providers.
- Currently supports over 40 carrier customers with over a billion end-user accounts, generating a peak of 3 million transactions per day, with utilization of half a billion minutes per month.

# Traditional Prepaid Phone Card Production & Distribution Model



Creates actual product, generating PIN accounts, controls all aspects of prepaid calling card functionality, features, routing & call blocking, rating methodology and customer service. Buys originating access and termination on wholesale basis. Commonly called **"Usage Model"** in Prepaid industry. In all cases the "Services provided by" entity printed on back of card is "Service Provider".

"Distributors" purchases prepaid phone cards from "Service Provider" at discount off retail price. Commonly called **"Discount Model"** in Prepaid industry. These Distributors utilize "Routers" or other "Distributors" to resell these phone cards to "Retail Merchants".

"Routers" purchase from "Distributors" at discount off retail price. "Retail Merchants" purchase from "Routers" or direct from "Distributors" at discount off of retail price. Typically the total discount to be split between the layers of retail distribution is 32 – 45%

# Today's Prepaid Card Ecosystem

## Elements

Wholesale  
Carriers



Global Crossing



Grande  
COMMUNICATIONS



at&t



**NETWORK** *ip*

Prepaid  
Platforms



NACT  
THE TELECOM SOLUTIONS AUTHORITY

PHOENIXSOFT



PACTOLUS  
Customizing NGN Networks

Virtual Platforms

WCGS



**NETWORK** *ip*

Prepaid Card  
Service  
Providers



LOCUS  
TELECOMMUNICATIONS, INC.

Total Call  
INTERNATIONAL

(NetworkIP Customers)  
Usage  
Discount

Distributors



UTA



Routers



Individuals



Retailers



C-stores



Walgreens

Walmart  
Save money. Live better.

SAFEWAY

Etc.

# NetworkIP is not a prepaid calling card Service Provider

- Provides carriers with same level of control as if they owned their own switch and platform (Also referred to as Hosted Services Platform, Virtual Platform, SAAS model or Cloud Computing).
- Carrier customers create and control all aspects of product offerings (rates, fees, product prompts, face value, call routing, customer service, etc.)
- NetworkIP sells its services in two ways – either as a bundled offering, including both wholesale access minutes and a per-minute transactions service fee, or carrier can provide its own LD minutes and NetworkIP charges only transaction service fees (referred to in our contracts as “Customer Supplied Facilities”)
- Carriers utilizing NetworkIP’s solution create and maintain their own websites / portals for recharging or adding value to their products
- All of NetworkIP customers identify themselves as “Services Provided by” on prepaid card products